

FISCAL NOTE
SB 1548 - HB 1560

March 14, 2001

SUMMARY OF BILL:

- Creates a new Franchise tax credit for employers that used the services of apprentices who work over 1,400 hours during a tax year as follows:
 - The tax credit would be equal to \$2,000 or 10% of the wages earned by the apprentice, whichever is less.
 - To receive the tax credit, the taxpayer must obtain certification from the U.S. Department of Labor apprenticeship program.
 - Each applicant is allowed only one tax credit per year.
 - The amount of the credit cannot exceed the franchise tax liability.
 - The total aggregate credit allowed is limited to the first 90 business taxpayers applying for and receiving the credit.
- Provides that the bill would take effect upon becoming law and would be retroactive to tax years beginning on or after January 1, 1997.

ESTIMATED FISCAL IMPACT:

Decrease State Revenues - \$180,000 Recurring
\$720,000 One-Time

Estimate assumes:

- a total of 90 firms would qualify for the franchise tax credit.
- the total dollar amount for each firm that qualified for the tax credit is \$2,000.
- the decrease in state revenues is estimated as follows:
 - Recurring \$180,000 [\$2,000 x 90 firms]
 - One-Time \$720,000 [\$180,000 per year x 4 Years] resulting from the provisions of the bill that make it retroactive to January 1, 1997.
- wage levels would provide the maximum credit of \$2,000 for each of the 90 businesses that qualify for the tax credit.

For information purposes, according to the Department of Labor, there are 850 firms in Tennessee in 174 job categories that participate in the apprenticeship program.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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